



# STAFF REPORT

Meeting Date: June 17, 2014

Agenda Item #6A

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- Agenda Title:** Presentation and Discussion Regarding the 2015-2022 General Plan Housing Element Update
- Agenda Action:** Informational Report and Study Session
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## **Recommendation**

It is recommended that the Planning Commission:

1. Receive this informational report and presentation.
2. Provide feedback/comments as necessary.
3. Receive feedback/comments from the public.

## **Background**

The General Plan Housing Element for 2007-2014 was adopted in July 2010 (amended January 2011). The Housing Element is a regulatory tool that establishes goals and policies to address the City's housing needs today and in the future. The State of California requires all cities and counties to assess, every seven years, whether they are providing their fair share of housing units by updating their Housing Element. The Housing Element must provide opportunities for housing development, through zoning or other means, to accommodate both local and regional housing needs, including opportunities for low and very-low income households.

Housing Element law requires local governments to adequately plan to meet their existing and projected housing needs, including their fair share of the regional housing need as determined by a regional planning agency (such as the Association of Bay Area Governments, or ABAG). Housing Element law is the State's primary market-based strategy to increase housing supply, affordability and choice. The law recognizes that in order for the private sector to adequately address housing needs and demand, local governments must adopt land use plans and a regulatory framework that does not unduly constrain housing development.

## **Analysis**

In order to adequately update the Belmont Housing Element, it is first necessary to evaluate the following questions:

1. What progress was made during the previous planning period (2007-2014) towards housing production and program implementation?
2. What are the emerging housing trends and issues that should be addressed for the forthcoming planning period (2015-2022)?
3. What goals and programs should the City include in the updated Housing Element that will address the City's need and the emerging housing trends?

This study session and presentation (see attachment A) serves as an opportunity for both the Planning Commission and the public to receive information related to these three primary questions. It is also an opportunity to provide feedback and direction on goals and policies that will shape the City's housing development efforts moving forward.

### **Zone Text Amendments**

The attached presentation (slides 7-11) outlines nine (9) zone text amendments that were required by law to be implemented pursuant to the 2007-2014 Housing Element. As indicated in the Housing Element update schedule, it is anticipated that these amendments will return to the Planning Commission in July for consideration.

### **Attachments**

- A. Belmont 2015-2022 Housing Element Study Session Presentation
- B. Key Housing Trends in San Mateo County - *21 Elements Report*



# Belmont Housing Element 2015-2022

Planning Commission Study Session

June 17, 2014

Jennifer Rose, Management Analyst

Carlos deMelo, Community Development Director

# Study Session Agenda

## Housing Element 101

## 2007-2014 Housing Element

- Housing Construction Progress Report: How are we doing?
- Summer 2014 Zoning Actions

## Current Housing Data

- Current Housing Trends in Belmont and San Mateo County

## 2015-2022 Housing Element

- Program Highlights
- Site Inventory Strategy (PDA)
- Regulatory Document Updates

## Housing Element Update Schedule 2014

## Questions/Feedback

# Housing Element 101



## WHAT is a Housing Element?

The General Plan Housing Element is a goals & policy document that enables Belmont to address housing needs today and in the future. The Housing Element is updated approximately every eight years.

## WHY do we need a Housing Element?

The State of CA mandates that Belmont adequately plan to meet its existing and projected housing need, including its share of the Regional Housing Needs Assessment (RHNA) as determined by ABAG. ABAG has determined that Belmont's share of that need for the forthcoming planning period is 468 housing units.

# Housing Element 101



**WHEN** must the Housing Element be updated?

The 2015-2022 Housing Element must be adopted by October 2014. Belmont is fortunate to have a recently completed Housing Element (certified January 2011) and does not expect to make substantial changes.

**WHO** is updating the Housing Element?

Each of the 20 cities in San Mateo County, plus the County itself, have joined together to create the *21 Elements* collaborative work group. *21 Elements* provides opportunities to share resources, successful strategies and best practices; through this group Belmont is receiving technical assistance for the Housing Element update. The remainder will be completed by City staff.

# 2007-2014 Housing Element

## Regional Housing Needs Allocation (RHNA) Progress

### Permitted Units Issued by Affordability

		2007	2008	2009	2010	2011	2012	2013	2014	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Income Level	RHNA Allocation by Income Level	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8		
Very Low	91										91
Low	65										65
Moderate	77			2				1	1	4	73
Above Moderate	166	2	5	4	2	3	1	8	2	27	139
Total RHNA assigned to Belmont for 2007-2014	<b>399</b>										
Total Units ▶▶▶		<b>2</b>	<b>5</b>	<b>6</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>9</b>	<b>3</b>	<b>31</b>	
Remaining Need for RHNA Period ▶▶▶▶▶											<b>368</b>

Note: units serving extremely low-income households are included in the very low-income permitted units totals.

# 2007-2014 Housing Element Implementation

- Nine (9) outstanding Programs/Actions related to our Housing Element Goals must be completed prior to adoption of 2015-2022 Housing Element.
- Consequences if not completed include more strict update requirements (every four years instead of every eight), limited access to funding opportunities, and potential lawsuits.
- Ordinance & Zone Text Amendments will be presented & reviewed in July/August 2014.

# 2007-2014 Housing Element Implementation

**Goal 3** Housing Assistance: Expand and protect housing opportunities for all segments and special needs groups within the community.

Program No.	Title	Action(s) Required
3.6	Emergency Shelters	To comply with State law (SB 2), amend the zoning ordinance and zoning map to create an overlay district which permits emergency shelters by right in C-3 and C-4 zones, subjects emergency shelters to the same standards as other uses in those zones, and has sufficient capacity to meet the City's need.

# 2007-2014 Housing Element Implementation

**Goal 4** Removal of governmental constraints to the maintenance, improvement, and development of housing.

Program No.	Title	Action(s) Required
4.1	Special Needs and Extremely Low Income Housing	<ul style="list-style-type: none"> <li>• Define <b>RESIDENTIAL CARE FACILITIES</b>, permit facilities with six or fewer persons by right in residential zones, indicate zones where 7+ person facilities are permitted.</li> <li>• Ensure <b>TRANSITIONAL AND SUPPORTIVE HOUSING</b> is defined and treated the same as any other residential use in R-zones</li> <li>• Update the Definition of <b>FAMILY</b> to comply with State Law</li> <li>• Add definitions for <b>APARTMENT HOTEL and SRO</b> (Single Room Occupancy)</li> <li>• Delete <b>R-5 RESIDENTIAL ZONING DISTRICT</b>, permitting all uses for R-5 in the R-4 District (No R-5 property within city limits)</li> </ul>

# 2007-2014 Housing Element Implementation

**Goal 4 (Cont.)** Removal of governmental constraints to the maintenance, improvement, and development of housing.

Program No.	Title	Action(s) Required
4.3	Density Bonus	Amend the zoning ordinance to increase the maximum <b>DENSITY BONUS</b> allowed to <b>35%</b> to comply with State law (SB 1818).

# 2007-2014 Housing Element Implementation

**Goal 5** Fair and Equal Housing Opportunity: Ensure fair and equal housing opportunity for all persons regardless of race, religion, sex, marital status, family-type, ancestry, national origin, color or other protected status.

Program No.	Title	Action(s) Required
5.2	Housing for the Disabled	Adopt a <b>REASONABLE ACCOMODATION ORDINANCE</b> that would provide a streamlined review and approval procedure by which individuals with disabilities can request relief from strict application of the City's Zoning Ordinance.

# 2007-2014 Housing Element Implementation

**Goal 6** Conservation of Resources: Promote the conservation of natural resources throughout the Belmont Community.

<b>Program No.</b>	<b>Title</b>	<b>Action(s) Required</b>
6.4	Adequate Water & Sewer Services	Adopt Priority Procedures for Providing <b>WATER AND SEWER</b> Service to Affordable Housing Developments

# Current Housing Trends in San Mateo County

**FINDING 1.** The Millennial Generation's preferences will increasingly define the housing market in the coming decade.

- Aged 20-34 years old.
- Desire for dense, mixed-use, walkable, bike-able communities close to public transit.
- Pent up demand for housing as economy improves.

# Current Housing Trends in San Mateo County

**FINDING 2.** As baby boomers age, there will be a “silver tsunami.” Ensuring safe, desirable options for aging seniors will require advance planning.

- Projected 76% growth in senior population over the 2005-2025 period.
- Desire to “age in place.”
- Special needs resulting from limited or fixed income, and limited mobility/transportation.
- Senior who rent housing are at high-risk for displacement.

# Current Housing Trends in San Mateo County

**FINDING 3.** San Mateo County has a severe workforce housing shortage caused by years of rapid economic growth and slow housing growth. This trend is made worse by the increasing number of lower-income jobs.

- By 2025 the housing supply will only meet one third to one half the demand for housing.
- 40% of new jobs in the county will pay low income wages.
- Silicon Valley contributes to an imbalance of jobs and housing supply.
- Rental rates increasing 7-15% annually.

# Current Housing Trends in San Mateo County

**FINDING 4.** San Mateo County has an increasingly diverse population and the housing stock will need to meet the needs of these residents.

- No one racial group makes up over 50% of the total population in San Mateo County; a “majority-minority” county.
- Changing and larger family profiles (i.e. more children, multi-generational minority households).
- Language barriers, potential for discrimination.

# Current Housing Trends in San Mateo County

## Belmont Key Findings

- Consistent with San Mateo County (Millennials, Seniors)
- January 2013 population at 26,316; projected 2030 population at 28,100.
- 11,037 total housing units.
- Primarily single-family detached houses, 60% of households live in owner-occupied homes.
- Almost one third of Belmont's households are lower-income.
- For-sale housing prices are rising rapidly (17% in past year) and are unaffordable to many households.
- Many households overpaying for housing.

# Housing Element 2015-2022

## Goals & Programs to Address Findings

**Goal 1** Housing and Neighborhood Conservation: Assure the quality, safety, and livability of existing housing and the continued high quality of residential neighborhoods.

- Code Enforcement
- Consider Residential Records Report & Inspection Program
- Condominium Conversion Ordinance
- Preservation of Existing Affordable Housing

# Housing Element 2015-2022

## Goals & Programs to Address Findings

**Goal 2** Housing Production: Facilitate the development of a variety of housing types at appropriate locations.

- Affordable Housing Development & Rehabilitation
- Housing Asset Disposition
- Downtown Revitalization Strategy
- Developer Outreach

# Housing Element 2015-2022

## Goals & Programs to Address Findings

**Goal 2** Housing Production: Facilitate the development of a variety of housing types at appropriate locations.

- Affordable Housing Development & Rehabilitation
- Affordable Housing Impact Fees & Nexus Study
- Housing Asset Disposition
- Downtown Revitalization Strategy
- Second unit legalization/incentives
- El Camino Real Corridor Development

# Housing Element 2015-2022

## Goals & Programs to Address Findings

**Goal 3** Housing Assistance: Expand and protect housing opportunities for all economic segments and special needs groups within the community.

- Non-profit Assistance
- Participation in HEART (First-time homebuyer loans)
- Emergency Shelter Zoning
- Section 8 Rental Assistance Program

# Housing Element 2015-2022

## Goals & Programs to Address Findings

**Goal 4** Removal of Government Constraints: Where appropriate, mitigate unnecessary governmental constraints to the maintenance, improvement, and development of housing.

- Zoning Code Amendments as needed to comply with state law
- Transfer of Development Rights & Density Bonus
- Simplified/Streamlined Development Review
- Planned Developments
- Reduced Parking Requirements
- Simplified Multi-Family Housing Development

# Housing Element 2015-2022

## Goals & Programs to Address Findings

**Goal 5** Fair and Equal Housing Opportunity: Ensure fair and equal housing opportunity for all persons regardless of race, religion, sex, marital status, family type, ancestry, national origin, color or other protected status.

- Support and Promote Fair Housing Organizations
- Support and Promote programs offered by the San Mateo County Center for Independence of the Disabled

# Housing Element 2015-2022

## Goals & Programs to Address Findings

**Goal 6** Conservation of Resources: Promote the conservation of natural resources throughout the Belmont community.

- Promote Energy Conservation
- Support On-Site Alternative Energy Generation
- Promote Water Conservation
- Ensure Adequate Water and Sewer Services
- General Plan Update

# 2014 General Plan Update

In addition to updating the Housing Element, Belmont is moving forward with a comprehensive General Plan update that will include the following Elements:

- **Land Use**
- **Belmont Village**
- **Circulation & Mobility**
- **Noise**
- **Conservation**
- **Safety**
- **Parks & Open Space**



Plus a program level  
Environmental Impact Report

# Belmont Village Plan

## ➤ Belmont Village Zoning Regulations

- Implements the Goals and Policies outlined in the Belmont Village Element. Embodies form based zoning principles.
- Replaces the Downtown Specific Plan.

*Status: Working Draft Prepared.*

## ➤ Belmont Village Design Guidelines

- Clear requirements for high quality architectural/design elements for new development.

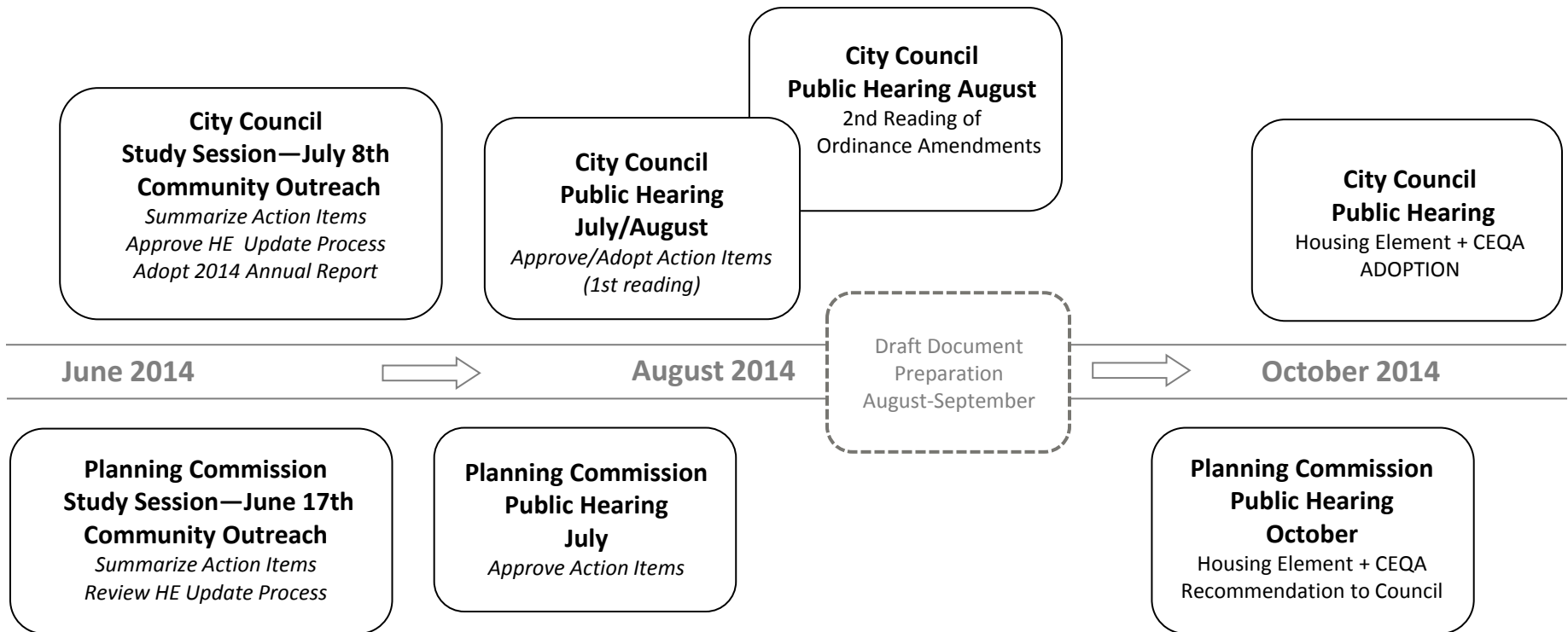
*Status: Working Draft Prepared.*

## ➤ Belmont Village Implementation/Specific Plan

- Based on ECHO II Belmont Case Study: Capital investments strategies, shared infrastructure opportunities, development feasibility study, etc.

*Status: Grant Funding Awarded*

# Housing Element Update Schedule



# Questions/Feedback

- What are your observations related to housing trends in Belmont and San Mateo County?
- Do you support the stated Housing Element goals?
- Suggested program changes?
- Other Feedback?



# Key Housing Trends in San Mateo County



**A report by 21 Elements  
2014**

# Key Findings

- 1. The **Millennial Generation**'s preferences will increasingly define the housing market in the coming decade. ----- Page 2
  
- 2. As baby boomers age there will be a **Silver Tsunami**. Ensuring safe, desirable options for aging seniors will require advance planning. ----- Page 4
  
- 3. San Mateo County has a **Severe Workforce Housing Shortage** caused by years of rapid economic growth and slow housing growth. This trend is made worse by the increasing number of lower-income jobs. ----- Page 6
  
- 4. San Mateo County, like California as a whole, has an **Increasingly Diverse Population** and the housing stock will need to meet the needs of these residents. ----- Page 8

## Key Finding 1: Millennial Generation

The Millennial (ages 20-34) generation's preferences will increasingly define the housing market in the coming decade.

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The Millennial generation is a growing force in the housing and job market and their preferences will shape our communities in the

according to studies by the Urban Land Institute and others. They want to live close to work, schools for their children, and public

The Millennial Generation refers to individuals between the ages of 20 and 34 years old.

future. Millennials have consistently expressed a preference for dense, mixed-use, walk-able and bike-able communities,

transportation. These amenities, in addition to safety and schools, are the top priorities for the Millennial generation.

**138,000**

Young adults in San Mateo County in 2015.

**158,000**

Young adults in San Mateo County in 2035.

**14%**

Increase in the young adult population from 2015-2035. In contrast, the population of those aged 35-59 will decrease.



Due to this generation's age and the recent recession, Millennials have been less likely to live on their own or own a home, but this is now changing (Harvard). As the economy improves, there will likely be a pent-up demand for housing among Millennials. Many studies have shown that Millennials

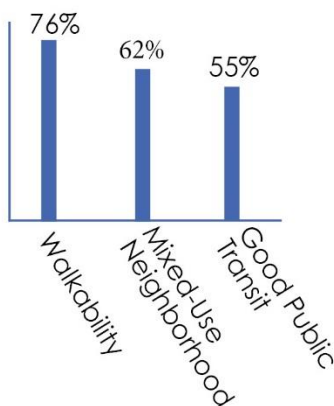
rent apartments and buy homes at a rate less than previous generations. Instead, Millennials have moved in with their parents or choose to live with roommates. Many have speculated that Millennials may be a “generation of renters,” as there is less stigma to renting for this generation (Washington Post). However, trends are complex and approximately

69 percent of Millennials expect their next move to be to a house they own (ULI).

Millennials are also value-conscious. They have less money than their older counterparts, in part because they have not had time to build up savings. They also must contend with higher rates of debt and a slow job market.



## Housing Preferences



Urban amenities are very popular with Millennials (ULI)

## Policy Options to Consider

- **Build complete communities**, walkable and close to transit.
- **Provide diversity in housing** for a variety of income-levels and family-sizes. Many Millennials delay marriage and are looking for one bedroom or even micro apartments.
- **Support first time home buyers.** Millennials will need support as they purchase their first home. Ensure that there are adequate first-time homebuyer education programs.

## Key Finding: Silver Tsunami

**As baby boomers age, there will be a “silver tsunami.” Ensuring safe, desirable options for aging seniors will require advance planning.**

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The number of seniors in San Mateo County will increase dramatically over the next decade and a half, as the large baby boomer

Seniors have special housing needs as a result of limited income and mobility issues that should be explicitly addressed. Almost



San Mateo County has the highest cost of living in California for seniors who both rent and own, according to a study by UCLA (DoH).

generation ages. The vast majority of seniors want to “age in place,” or remain in their current home or in their community as long as possible (AARP).

20 percent of seniors live below the poverty line after adjusting for housing costs (Stanford). Many seniors live on fixed incomes, which limits their housing options and also puts them at risk of being displaced.

Seniors who rent are at particularly high risk for being displaced by increasing rents. Seniors in San Mateo County typically see their income reduce by half as they age from their 50s to their 80s (Claritas). Furthermore, seniors who own are often *house rich* but *income poor*.



### Senior Population Change

**76%**      **2005 - 91,000**  
**2025 - 160,000**

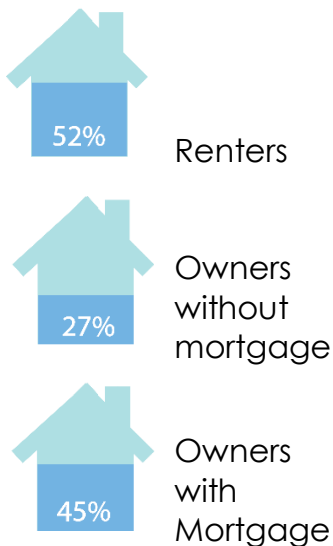
By 2030, one quarter of San Mateo County residents will be over 65 (Stanford)

Assuming national trends hold and 90 percent of seniors plan to stay in their home, a large number, more than ten thousand San Mateo County seniors, will be looking to move in

the coming years (AARP). Many seniors prefer to trade down to a smaller home with less upkeep. Safety is also a significant concern for seniors, as are universal design features (like level entry).

Many seniors do not enjoy driving, and so walkability and the availability of nearby public transit are very important. Having a grocery store within a half mile of their home was the most important feature in a recent AARP survey.

### Many seniors are house rich, but cash poor



Percent of seniors who are economically insecure

### Policy Options to Consider

- **Assist seniors as they age in place** by providing key services, such as home modification assistance programs (low interest loans, construction management, etc.).
- **Support home sharing programs.** Home sharing, helping people with extra space find vetted roommates, is often the most cost effective way to help seniors stay in their homes. HIP Housing is a local nonprofit that facilitates home sharing.
- **Consider requiring universal design features** in new construction. Universal design calls for features, such as level-entry showers, which let everyone use a home, regardless of their physical ability.
- **Promote second units** (e.g. converted garages). Younger families will often use the space for an aging parent and seniors will often rent out the second unit (or the main home) for extra income.
- **Provide a diverse mix of housing options,** including affordable homes, small homes (for single person households), homes near transit, age restricted housing and other options.
- **Consider developing a senior housing plan,** bringing together various stakeholders to look at the issue in a comprehensive way.

### Key Finding 3: Severe Workforce Housing Shortage

**San Mateo County has a severe workforce housing shortage caused by years of rapid economic growth and slow housing growth. This trend is made worse by the increasing number of lower-income jobs.**

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For many years, job growth has been faster than housing production. This has caused a shortage in workforce housing. Job growth in San Mateo County has been picking up

the new jobs created will be for lower-income workers.

According to the Association of Bay Area Governments, job growth is anticipated to average 1.7

By 2025 the housing supply will only meet one third to one half the demand for housing

steadily since the recession, and is anticipated to be strong through the coming years. However, many of

percent annually in San Mateo County from 2010-2020, an increase of 5,800 jobs annually. In contrast,



the number of new homes grew only four percent from 2000-2010 (U.S. Census). Much of San Mateo County's job growth over the past decade has been in the lower-income sectors (Keyser Marston). Although San Mateo County's well-paying high-tech jobs draw attention,

**40%**

Of new jobs in the county will pay low income wages.



40 percent of the new jobs in the county will be low income.

While San Mateo County has a steadily climbing median income among residents, it also has a growing income disparity between its higher-income residents and lower-income workers who live outside the county.

As Silicon Valley creates new jobs, the demand for housing also increases. Silicon Valley already has a serious mismatch of jobs to housing, with three times as many jobs as housing units. According to the Department of Housing, by 2025 the housing supply will only meet 1/3- 1/2 of the demand for housing.

This growing housing shortage is particularly a problem for lower-income families and individuals who currently cannot find affordable housing in San Mateo County. Projections

show that this will develop into a deficit of 21,000 units by 2025 (DoH).

In the coming decade, only 15 percent of San Mateo's new low-income workers will be able to live in the county (DoH). The effects of this are very real. Commute times are increasing, leading to more climate change gases being released. Also, longtime residents and children who

grew up in San Mateo County are not able to live here.

**7-15%**

Yearly increase in rents in San Mateo County in recent years (DoH).

**22%**

Increase in home values (Sep 2012-Sep 2013, Zillow).

### Policy Options to Consider

- **Adopt policies that ensure there is enough workforce housing**, such as inclusionary zoning, affordable housing impact fees or an affordable housing overlay zone.
- **Ensure there is adequate land zoned for residential development**, in particular near transit.
- **Encourage large employers to provide housing for their employees.** A number of schools and colleges, as well as companies like Facebook, have expressed interest in this.
- **Partner with nonprofit developers.**
- **Ensure the development process is predictable and efficient** while protecting the needs of the community. Form based code in Redwood City has been very successful at this.

## Key Finding 4: Increasingly Diverse Population

**San Mateo County, like the state of California as a whole, has an increasingly diverse population and the housing stock will need to meet the needs of these residents.**

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According to the 2010 U.S. Census data, San Mateo County is a majority-minority county: that is, no one racial group makes up over 50 percent of the population. The two racial groups growing the most rapidly in San Mateo County are Asians and Latinos. According to the U.S. Census, the increase in

in denser neighborhoods (Pitkin and Myers). They are also more likely to live in intergenerational housing. In addition, recent immigrants are more likely to be linguistically isolated, which could create problems for the provision of services. The Hispanic population in San Mateo County is mostly growing

housing, though this trend diminishes as people have been in the United States for a longer period of time (e.g. second and third generation immigrants) (Pitkin and Myers 2008).

San Mateo County is currently *majority minority* and will become more diverse in the future.

the Asian population is largely due to recent immigration. Immigrant families are more likely to live in multi-family housing



due to “natural increases,” i.e., births are exceeding deaths. According to demographic data, Hispanic families often have more children than families of other races, partially because the Hispanic population is younger. Both Asian and Hispanic families are more likely to live in multi-generational

### Policy Options to Consider

- **Ensure housing options for extended families.** Large apartments and second units are two options.
- **Provide information in multiple languages.**
- **Address housing discrimination.** Cities can clearly publicize rules about housing discrimination and work with Project Sentinel for complaints.

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### **Increasingly Diverse Population**

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San Mateo County Health System Study. *Healthy San Mateo 2010*. San Mateo, Ca.